

Statement of U.S. Senator Elizabeth Dole
Banking Committee Hearing on “Strengthening Our Economy: Foreclosure
Prevention and Neighborhood Preservation”
10:00 a.m. Thursday, January 31, 2008 - 538 Dirksen
Opening Statement

Thank you, Chairman Dodd and Ranking Member Shelby for holding this important hearing on foreclosure prevention and neighborhood preservation.

Let me first start off by saying a few words about Sheila Bair, the chairman of the Federal Deposit Insurance Corporation. Sheila has a long history of public service that includes working as Deputy Counsel and Counsel when my husband was Senate Majority Leader. Sheila, thank you for your continued government service and the vital role you are playing to assure competence and confidence in this volatile housing and financial market.

During my time in the Senate, I have made homeownership one of my top priorities. It is amazing how getting keys to one’s own home is like getting the keys to a better quality of life and a brighter future. Parents who own their homes provide more stable environments for their children. These children do better in school and become more involved in the community. These families are able to build wealth, many for the first time, thereby helping secure funds for retirement and higher education. Families who own their own homes also are more likely to spend the money necessary to properly maintain the home and thus improve the neighborhood. These positive results have a ripple effect throughout the community...and the economy.

The homeownership rate is still close to 70 percent and minority homeownership is around 50 percent. While these numbers are promising, we know there is trouble in the U.S. housing market. According to RealtyTrac, a mortgage researcher, in 2007 there were 2.2 million foreclosure filings, up 75 percent nationally from the year before. In my home state of North Carolina, foreclosures in 2007 rose to approximately 50,000 last year, a 9.4 percent increase. Furthermore, according to the Triangle Business Journal,

Wake County, which includes Raleigh, had 4,461 foreclosures during 2007, up 20.2 percent from the 3,711 posted in 2006. These statistics point to the alarming fact that foreclosure filings were on the rise in 2007, and it appears that this trend may not end in the near term.

One of the ways that we can help combat increasing foreclosure rates is the modernization of the Federal Housing Administration (FHA). Updating the FHA program will be of vital assistance to folks who are in risky mortgages and will help them find safer products. I want to thank Chairman Dodd and Ranking Member Shelby for taking up this important piece of legislation last fall and also for working with me to resolve the issue of credit score risk-based pricing, which our Senate-passed bill addresses by placing a one-year moratorium on this practice. I hope that differences between the House and Senate versions of FHA modernization legislation will be worked out soon as possible, so we can get a finished product to the President for his signature.

In December, Chairman Dodd introduced the Home Ownership Preservation and Protection Act of 2007, which has helped “jump-start” a discussion surrounding the issue of predatory lending. It is my hope that this committee will work in a bipartisan fashion as we roll up our sleeves and dig in to tackle a difficult yet timely issue. When we start talking about predatory loan legislation, we must strike a careful balance between protecting Americans from faulty loans while maintaining legitimate financial options for qualified individuals to become homeowners. I look forward to working with members of the committee concerning this important subject.

Lastly, let me reiterate my support for comprehensive GSE reform legislation early in this session. As the President mentioned during his State of the Union address, this reform is all the more urgent, now that it appears that the conforming loan limits for Fannie Mae and Freddie Mac will be lifted temporarily as part of a Congressionally-enacted economic stimulus package. I know this is also an issue of concern for Senators Hagel and Martinez, and former committee member, John Sununu. I welcome the comments you have made in recent days, Chairman Dodd, indicating your commitment

to comprehensive GSE reform, and I look forward to working with you, Ranking Member Shelby, and other interested committee members to finally get this bill done.